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MANAGEMENT'S DISCUSSION AND ANALYSIS AND

BASIC FINANCIAL STATEMENTS

JEFFERSON REDEVELOPMENT, INC.

Year ended June 30, 2005

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Independent Auditor's Report

Jefferson Redevelopment, Inc.
1100 4th Street
Gretna, LA 70002

We have audited the accompanying component unit financial statements of Jefferson Redevelopment, Inc., (a non-profit corporation) Gretna, LA, a component unit of the Parish of Jefferson, State of Louisiana, under accounting principles generally accepted in the United States of America, as of and for the year ended June 30, 2005, as listed in the table of contents to the report. These financial statements are the responsibility of the Jefferson Redevelopment, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Redevelopment, Inc., Louisiana, as of June 30, 2005, and the results of its operations and cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on page 2 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2006 on our consideration of the Jefferson Redevelopment, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Hanford M. Harrison, LLC

Hanford M. Harrison, LLC.
March 2, 2006

JEFFERSON REDEVELOPMENT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

The Management's Discussion and Analysis (MD&A) of Jefferson Redevelopment, Inc.'s (JRI) financial performance provides an overview and an objective, narrative analysis of JRI's financial activities for the year ended June 30, 2005. Please read it in conjunction with JRI financial statements.

The MD&A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Boards (GASB) Statement No. 34 - Basic Financial Statements - and *Management's Discussion and Analysis - for State and Local Governments issued in June 1999.* Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in MD&A.

Financial Highlights

- The assets of JRI exceeded its liabilities by $8,458,150 for the fiscal year ending 2005 compared to $8,627,805 in the prior year. This is due to the structure of JRI, Jefferson Facilities, Inc. (JFI), a public benefit non-profit corporation, and the Parish of Jefferson (Parish). JFI and JRI were created by the governing authority of Jefferson Parish. To date, the only project undertaken by JRI and JFI is the construction and management of a parking garage for the Jefferson Parish. Jefferson Parish leased certain tracts of land to JRI upon which a parking garage was constructed. JFI entered into a sublease with JRI for this land and agreed to design, build, maintain, and operate a parking garage. As such, JRI owns the parking garage, JRI is responsible for the repayment of the bonds issued for the construction of the garage, and Jefferson Parish is the guarantor of the bond issue. Ownership of the parking garage will revert to the Parish upon final payment of the debt obligation.

- JRI had an operating loss of $239,752 for the fiscal year ending 2005 compared to a loss as restated of $252,004 in the prior year. The losses are due primarily to depreciation expense on the parking garage.

- Capital transfers in for the year were $50,971 and consisted of lease payment of $12, accounting and legal expenses of $4,517 and equipment of $46,442.

- Minor damages were received, due to Katrina. On August 29, 2005 damage to property was less than $6,000 and is expected to be covered by insurance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to JRI's basic financial statements. JRI's total assets are $8,458,150 and total liabilities are $0 which results in unrestricted net assets of $8,458,150. The change in net assets for the current year resulted in a $188,781 loss. For the year ending 2004, the unrestricted net assets as restated were $8,646,931. The decrease in unrestricted net assets is due primarily to depreciation for the parking garage.

JRI's transfers for both years included $12.00 derived from lease payments.

JRI received a capital transfer from JFI of $50,971 in fiscal 2005 and $19,102 in fiscal year 2004.

Budgetary Highlights None.

JRI has not prepared a budget since expense or nomination.

JEFFERSON REDEVELOPMENT, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2005

ASSETS	
Accounts Receivable	$ 47
Capital Assets, net	8,458,103
Total Assets	8,458,150
LIABILITIES	
None	$ -
NET ASSETS	
Unrestricted	8,458,150
Total Net Assets	$ 8,458,150

The accompanying notes are an integral part of these financial statements.

JEFFERSON REDEVELOPMENT, INC.
STATEMENT OF ACTIVITIES, AND CHANGES IN NET ASSETS
JUNE 30, 2005

OPERATING REVENUES	$ -
OPERATING EXPENSES:	
Accounting and legal	4,517
Depreciation	235,235
Total Operating Expenses	239,752
Operating Income (Loss) before transfers	(239,752)
CAPITAL TRANSFERS	
Capital Transfers in	50,971
Change in net assets	(188,781)
Total net assets – beginning, as restated	8,646,931
Total net assets - ending	$ 8,458,150

The accompanying notes are an integral part of these financial statements.

JEFFERSON REDEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jefferson Redevelopment, Inc. (JRI) was formed on May 23, 2001 as a non-profit public benefit corporation pursuant to the Louisiana Nonprofit Corporation Law (Chapter 2 of Title 12 of the Louisiana Revised Statues of 1950, as amended). The purpose of JRI is to actively seek interaction through federal, state or local government initiatives or through its own volition to seek out or create programs whereby it may best interact and cooperate with other economic development corporations to carry out the purposes for which it is created. JRI is organized on a non-stock basis and is managed by a three person Board of Directors who serve without compensation.

1. FINANCIAL REPORTING ENTITY

JRI is a component unit of Jefferson Parish, Louisiana. A component unit is defined as a legally separate organization for which the elected officials of the primary government (Jefferson Parish, Louisiana) are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability.

2. BASIS OF ACCOUNTING

Basis of accounting relates to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made. The activities of Jefferson Redevelopment, Inc. are accounted for using the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized at the time the liability is incurred. The revenues susceptible to accrual are lease revenues from Jefferson Facilities, Inc. In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Accounting," it is Jefferson Redevelopment, Inc's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Jefferson Redevelopment, Inc. has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinion or Accounting Research Bulletins of the Committee on Accounting Procedures issued after November 30, 1989. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and related standards.

JEFFERSON REDEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

3. ACTIVITIES

JRI engages in activities for the purpose of alleviating conditions of economic distress affecting jurisdictions in which JRI is operative. The affected jurisdiction of JRI is that portion of the Parish of Jefferson, Louisiana, west of the Mississippi River and the geographic location where local economic development activity should be directed to achieve maximum effort, to be designated as an Economic Development Area by JRI and the Parish of Jefferson, shall be coextensive with the boundaries of the Jurisdiction. The initial project undertaken by JRI is for the development, design, construction and operation of a parking garage and operation of surface parking facilities. As of the report date, this is the only project in operation.

4. CASH AND CASH EQUIVALENTS

Due to the nature of its operations, JRI does not maintain any cash or cash equivalents and has no cash transactions. Accordingly, a Statement of Cash Flows is not presented.

5. CAPITAL ASSETS

Capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Major additions and improvements to capital assets that extend the economic life are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment. Repairs and maintenance are charged to operating expense as incurred. Depreciation of these assets has been calculated using the straight-line method over the estimated useful lives of 10 to 39 years.

6. NET ASSETS

Net Assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the city or through restrictions imposed by contracts.

7. TRANSFERS IN (OUT)

The agreements between JRI and Jefferson Facilities, Inc. and between JRI and Jefferson Parish relative to leases (Note C) provide for the flow of assets without an equivalent flow of assets in return and without a requirement for repayment. Accordingly, the transactions relative to these leases are reported as transfers in (out) in the Statement of Activities and Changes in Net Assets.

JEFFERSON REDEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

NOTE B – AGREEMENTS

Property owned by JRI is subject to several agreements described below.

1. COOPERATIVE ENDEAVOR AGREEMENT
JRI entered into a cooperative endeavor agreement with the Parish of Jefferson, Louisiana, and Jefferson Facilities, Inc. dated August 1, 2001 which sets forth the representations and obligations that the parties agreed upon to facilitate the development, design, finance, construction and operation of a parking garage. The details of the agreement are outlined below.

2. GROUND LEASE AGREEMENT
The Parish of Jefferson has leased certain tracts of land situated in Jefferson Parish, Louisiana, to JRI, at a rental of one dollar ($1.00) per month to facilitate the construction of the parking garage previously mentioned.

Future Minimum Lease Payments to be made for years ending June 30:

2006	$ 6.00
2007	12.00
2008	12.00
2009	12.00
2010-2014	60.00
2015-2019	60.00
2020-2024	60.00
2025-2029	60.00
2030-2031	60.00
Total	$307.00

3. SUBLEASE AGREEMENT
JRI entered into a sublease agreement with Jefferson Facilities, Inc. on August 1, 2001 for the land on which the parking garage is built. Jefferson Facilities, Inc. has the right to use and enjoy the premises for the construction and operation of the parking garage. In consideration of this sublease, Jefferson Facilities, Inc. agrees, at its own expense, to design, build, maintain and operate a parking garage and agrees to pay rental of one dollar ($1.00) per month. As additional rent, Jefferson Facilities, Inc. agrees to pay all amounts owed by JRI to the Parish under the ground lease (one dollar ($1.00) per month) and further agrees to pay all administrative and operating expenses of JRI. Jefferson Facilities, Inc. entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority).

JEFFERSON REDEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(CONTINUED)

Under the agreement, the Authority issued $9,315,000 of revenue bonds to finance the garage construction and loaned the proceeds to Jefferson Facilities, Inc. Jefferson Facilities, Inc is required to make the debt service payments on the bonds directly to the trustee. The lease ends at midnight on August 1, 2031, or the date, on which the bonds have been paid in full, whichever is later. The total amount of minimum rentals to be received under the noncancellable sublease as of June 30, 2005 is $ $307 (not including ground rent payable to the parish).The parking garage constructed is owned by JRI while the bonds are outstanding. Upon payment in full of the bonds, JRI shall transfer ownership of the parking garage to the Parish.

NOTE C – CAPITAL ASSETS:

A summary of changes in capital assets and depreciation for the year ended June 30, 2005 follows:

	Building and Improvements	Parking Control Equipment	Total
Capital Assets			
Balance July 1, 2004	$ 9,083,608	$ -	$ 9,083,608
Additions	-	46,442	46,442
Balance June 30, 2005	$9,083,608	46,442	$ 9,130,050
Accumulated Depreciation			
Balance July 1, 2004	$ 436,712	$ -	$ 436,712
Depreciation Expense	232,913	2,322	235,235
Balance June 30, 2005	$ 669,625	46,442	$ 671,947

NOTE D – RESTATEMENT:

During the year ended June 30, 2005, JRI's net assets were restated to correct the treatment of certain expenses of JRI which were previously incorrectly recorded as operating expenses and included in accounts payable. As discussed in Note B, all operating expenses of JRI are to be paid by Jefferson Facilities, Inc. For the year ended June 30, 2004, the adjustment increased transfers in by $19,103, decreased accounts payable by $19,126 and increased net assets by $19,126.

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Marshall R. Harrison

Report on Compliance and Internal Control

JEFFERSON REDEVELOPMENT, INC.
GRETNA, LA 70002

We have audited the basic financial statements of Jefferson Redevelopment, Inc. as of and for the year ended June 30, 2005, and have issued our report thereon dated March 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance
As part of obtaining reasonable assurance about whether Jefferson Redevelopment, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered Jefferson Redevelopment, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. This report is intended solely for the information and use of the audit committee, management, Jefferson Parish Council, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hanford M. Harrison LLC

Hanford M. Harrison, L.L.C.
March 2, 2006

JEFFERSON REDEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2005

We have audited the financial statements of JEFFERSON REDEVELOPMENT, INC. as of June 30, 2005, and have issued our report thereon dated March 2, 2006. We conducted our audit in accordance with auditing standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2005 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness No *Other Conditions* No

Compliance

Compliance Material to Financial Statements No

Section II Financial Statement Findings

None